

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
July 18, 2003
CHICAGO, ILLINOIS**

NOTE: ITEMS IN BOLDFACE PRINT REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board (“Board”) held its Regular Meeting on July 18, 2003 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Members Gary Peterlin and William Dugan. Member Violet Clark was not present for the Open session portion of the meeting.

Chairman Higginbottom convened the July 18, 2003 Regular Meeting at 8:55 A.M. in the 3rd floor Board Conference Room. Member Peterlin moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (July 18, 2003) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Dugan seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 2:25 P.M.

Member Peterlin moved that **the Board approve the following closed session minutes of the Illinois Gaming Board's Regular Meetings of May 15, 2003, June 17, 2003 and Special Meetings of May 21, 2003, June 3, 2003, June 10, 2003 and June 20, 2003 and the open session minutes of its Regular Meetings of May 15, 2003, June 17, 2003 and Special Meetings of May 21, 2003, June 3, 2003, June 10, 2003, and June 20, 2003.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom announced that on June 20, 2003, the Board named Jeannette Tamayo as the Interim Administrator. Chairman Higginbottom stated that Jeannette served as the Deputy Chief Legal Counsel for the Board since October 1999. Chairman

Higginbottom stated that prior to working for the Board, Ms. Tamayo served as a Special Counsel to the Deputy Director and Chief Legal Counsel for the Illinois Department of Children and Family Services. Chairman Higginbottom stated that from 1989 to 1991, Ms. Tamayo served as the Administrator for the Illinois Department of Public Aid, where she oversaw the \$60 million dollar Welfare to Work Training Program. Chairman Higginbottom stated that Ms. Tamayo's legal career began in 1985 at the Legal Assistance Foundation of Chicago, where she provided legal aid to residence of Chicago's low-income and minority communities. Chairman Higginbottom stated that the Board is very fortunate to have a person such as Ms. Tamayo, who is capable, knowledgeable, and a dedicated public servant. Chairman Higginbottom congratulated Ms. Tamayo and thanked Ms. Tamayo for "stepping up" at the time when the Board needed someone to fill the position as Interim Administrator.

Chairman Higginbottom announced that the Board would be taking action to broaden the agency's Code of Conduct. Chairman Higginbottom stated that the Board would adopt a series of new rules to prohibit and restrict post agency employment by utilizing the rule-making process. Chairman Higginbottom stated that the Board expects the new rules to be in place by the end of August 2003. Chairman Higginbottom stated that it is well known that the Board is committed to ensuring the integrity of gaming in Illinois. Chairman Higginbottom stated that by encompassing the Board's Code of Conduct into the administrative rules process, the Board would further strengthen its commitment.

Chairman Higginbottom stated that four of the Board's licensees have requested waivers to the two-meeting rule in order to seek reduction in operating hours. Chairman Higginbottom stated that the Board is concerned that if the request is approved, hundreds of casino employees could lose their jobs. Chairman Higginbottom stated that the Board would be working with the licensees to address issues. Chairman Higginbottom stated that the Board recognizes that the Illinois Riverboat Gambling Act was enacted as an economic engine for the State and that the Board is very concerned when there are situations that might cause people to lose their jobs.

Chairman Higginbottom stated that the Board is committed to the re-organization plan that was filed by Emerald Casino on May 20, 2003. Chairman Higginbottom stated that the Board, through deposition testimony and exhibits, made its position regarding Emerald Casino's May 20, 2003 plan of re-organization known to the bankruptcy court. Chairman Higginbottom stated that the Board supported the May 20th plan of re-organization at the time that it was filed and that it would still support that plan. Chairman Higginbottom stated that the Board has requested a meeting with the Attorney General to discuss her objections to the Emerald plan of re-organization. Chairman Higginbottom stated that to date, that meeting has not taken place. Chairman Higginbottom stated that the Board is again requesting such a meeting with the Attorney General. Chairman Higginbottom stated that more specific information on the position of the Board could be found in the papers filed with the bankruptcy court, which are available to the public. Chairman Higginbottom stated that there is a July 22, 2003 hearing scheduled for the Emerald case, after which the Board may be able to respond to more questions regarding the Emerald matter. Chairman Higginbottom stated that Emerald requested that the bankruptcy court approve what has been

described as bid procedures, which relates to the sale of Emerald. Chairman Higginbottom stated that these procedures are different than the procedures that Emerald and the Board discussed in connection with the May 20th plan. Chairman Higginbottom stated that the Board is not participating in the bid procedures approved by the bankruptcy court. Chairman Higginbottom stated that the Board would oppose any effort by Emerald to obtain a court order directing the Board to participate in bid procedures. Chairman Higginbottom stressed that the Board is in favor of the reorganization plan that was submitted on May 20, 2003.

Member Peterlin stated that the Board is looking forward to its meeting with the Attorney General to see what differences she may have with the plan.

Member Peterlin asked that Interim Administrator, Jeannette Tamayo, work with Staff on the issue of child support. Member Peterlin stated that the State of Illinois has been rather innovative in the past few years in coming up with additional ways to enhance child support collection efforts from people who are delinquent. Member Peterlin stated that families may not be supported because the person responsible for child support is gambling. Member Peterlin stated that Staff and the Board should consider the idea that when these people are winning, there may be an opportunity to withhold the winnings so that child support requirements could be met.

Member Peterlin stated that it appears that there is somewhat of a crisis at the Board with respect to many positions that may need to be filled, and it could effect the Board's ability to carry our the enforcement of gaming. Member Peterlin stated that it would be very wise if the Chairman and the Interim Administrator could meet with the Illinois Department of Revenue and take a look at the staffing concerns. Member Peterlin stated that in order for the Board to do its job and to ensure the integrity of gaming in the State of Illinois, the Board is going to need those vacant positions addressed.

Chairman Higginbottom stated that he agrees with Member Peterlin. Chairman Higginbottom stated that the reason why there have been such good operating gaming facilities is because of the Staff at the Illinois Gaming Board. Chairman Higginbottom stated that at the Board meetings, the public does not really have the opportunity to look at all of the hard-working dedicated public servants that work at the Board. Chairman Higginbottom stated that it is not just the four or five Board members, or the senior staff that the public sees sitting on stage during the Board meetings, that run the agency. Chairman Higginbottom stated that the Board is a whole entity that is working hard to make sure that the integrity of Illinois gaming is protected.

Administrator's Report

Interim Administrator, Jeannette Tamayo, provided the public with an overview of the Board and its activities and the day-to-day operations of the Board.

Interim Administrator Tamayo discussed Closed session meetings. Interim Administrator Tamayo stated that the meetings are closed because much of the information discussed

relates to personnel, relates to financial competitive advantage issues, involves proprietary information, or relates to ongoing investigations. Interim Administrator Tamayo stated that the fact that the meeting is closed to the public does not mean that the public is not entitled to know the types of information that are presented during Closed session.

Interim Administrator Tamayo briefed the public on the Closed session agenda to give the public a better understanding of what happens during the Closed session portion of the meetings.

Interim Administrator Tamayo announced that the Illinois State Police recently gave Special Agent Jimmy Terry a commendation for his professionalism, excellent work in leadership, and for having made an outstanding contribution to his area of assignment. Interim Administrator Tamayo stated that Mr. Terry was selected as one of 32 finalist for Officer of the Year. Interim Administrator Tamayo stated that Staff and the Board are very proud and honored that Mr. Terry is a member of the Board.

Public Commentary

Tom Grey, National Coalition Against Legalized Gambling, was present to express his opinion of the public's perception of the Board's ethics as it pertains to its Code of Conduct.

Rev. Phil Blackwell, Pastor, First United Methodist Church, was present to discuss his views on regulation. Rev. Blackwell opined that the so-called "revolving door" policy that the Board has demonstrated has affected the public's confidence in gaming.

David Morrison, Illinois Campaign for Political Reform, was present to discuss his views on the regulatory process. Mr. Morrison applauded the Board on its initiatives to shield the Board from outside influence.

Mr. Morrison also discussed the resignation of former-Administrator Philip Parenti and conflicts of interest.

Board Policy Items

CODE OF CONDUCT - Mark Ostrowski, Chief Legal Counsel, stated that at the Board's request, Staff is reviewing and researching issues relating to the Code of Conduct. Mr. Ostrowski stated that those issues include provisions that will prohibit post-IGB employment with not only the holder of the license or the applicant for a license, but also key persons, applicants for key person, and their affiliates. Mr. Ostrowski stated that Staff is also implementing provisions that would prohibit negotiations and discussions about future employment while an individual is employed with the IGB. Mr. Ostrowski stated that there would be restrictions that would relate to the licensees and key persons regarding their use of service agents who provide services to the Board. Mr. Ostrowski stated that there would be restrictions on the holding or the acquiring of an ownership interest with licensees, key person, applicants for licenses or any key person status. Mr. Ostrowski stated that there

would be sections that would deal with post-employment appearances, and discussions before the Board on any matter that is under investigation by the Board relative to any licensee, applicant for a license, key person, applicant for key person or their affiliates. Mr. Ostrowski stated that there would be provisions related to confidentiality of material or information within the possession of the Board and its Staff.

Mr. Ostrowski stated that Staff is looking to implement rules that would mirror its Code of Conduct and implement the same concerns discussed earlier. Mr. Ostrowski stated that the rules would govern the conduct of the licensees as well.

Member Peterlin moved that **the Board adopt the following resolution:**

RESOLUTION

WHEREAS, on June 19, 2003, Chairman Higginbottom directed correspondence to Mr. Philip C. Parenti, former Administrator of the Illinois Gaming Board, concerning limitations on Mr. Parenti's post-Gaming Board employment, limitations on contact with the Board or its employees on matters involving Illinois licensees or the acquisition of any Illinois license and the permanent prohibition from disclosure of privileged and/or confidential information under the Riverboat Gambling Act and/or Federal or State law.

WHEREAS, on June 19, 2003, Chairman Higginbottom directed correspondence to Mr. Gary Loveman, Chief Executive Officer and President of Harrah's Entertainment, Inc. A copy of the June 19, 2003, letter to Mr. Parenti was also sent to Mr. Loveman. Chairman Higginbottom advised Mr. Loveman of the responsibility of each Illinois licensee, as well as Harrah's Entertainment, Inc., to comply with the specific requirements imposed by the Board's Code of Conduct as well as the June 19, 2003 letter to Mr. Parenti. Chairman Higginbottom further advised that no violation of the Code of Conduct or the requirements set forth in the June 19, 2003 letter to Mr. Parenti will be tolerated by the Illinois Gaming Board.

NOW THEREFORE, BE IT RESOLVED that the Board adopts Chairman Higginbottom's June 19, 2003 correspondence to Mr. Philip C. Parenti and Chairman Higginbottom's June 19, 2003, correspondence to Mr. Gary Loveman as official Board orders and directs the recipients to comply with the conditions and requirements set forth therein.

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

FY' 2004 IGB BUDGET - Rick Larison, Deputy Director of Finance & Administration, was present to discuss the fiscal year 2004 IGB budget . Mr. Larison provided the Board with an overview of the State and IGB budget.

Mr. Larison discussed IGB budget issues, which included headcount, legal fees, the 10th riverboat casino license, expanded gaming and overtime costs.

Mr. Larison discussed IGB operational issues, which included consolidation efforts, travel restrictions and interagency agreements.

Owner Licensee Items

CASINO ROCK ISLAND – REQUEST TO CHANGE HOURS OF OPERATION DURING CHRISTMAS HOLIDAY – Donna More, Attorney, and Jim Pedulla, General Manager, were present to request initial consideration for a request to change hours of operation during the Christmas Holiday.

EMPRESS CASINO, JOLIET/ALTON BELLE CASINO – REQUEST TO WAIVE TWO-MEETING RULE AND REQUEST TO CHANGE HOURS OF OPERATION – Susan Gouinlock, Attorney, and Dale Black, Chief Financial Officer, were present on behalf of Empress Casino to request initial consideration for a request to waive the two-meeting rule and to change hours of operation.

Chairman Higginbottom expressed his concerns in regards to the impact that the change of hours would have on the community, as well as how the change of hours would effect employees losing their job.

Mr. Black stated that anytime there is a situation where hours are reduced, it would have some impact on staff needs. Mr. Black stated that those concerns were addressed in the information that was previously provided to Staff. Mr. Black stated that there are plans in place that if jobs were created, those who are effected by the shortening of hours would have first choice to the created positions.

HARRAH'S - JOLIET – REQUEST TO WAIVE TWO-MEETING RULE AND REQUEST TO CHANGE HOURS OF OPERATION – Michael St. Pierre, General Manager, was present on behalf of Harrah's Casino - Joliet to request initial consideration for a request to waive the two-meeting rule and to change hours of operation. Mr. St. Pierre stated that with the increase of the tax rate effective July 1, 2003, there has now been a very dramatic change in the very economics of Harrah's - Joliet's business.

Member Peterlin posed his concern that customers who stay in Joliet would go to the Harrah's facility in Indiana. Member Peterlin stated that if that should happen the revenues for Harrah's wouldn't change; however, the consequences for the State of Illinois could change.

Mr. St. Pierre stated that in anticipation of that very concern, he has personally withdrawn from any discussions about Chicagoland marketing as a whole, and as a result he does not have any information to offer the Board on Member Peterlin's concerns. Mt. St. Pierre stated that previously Harrah's two properties in Indiana and in Illinois co-marketed and ran the same advertising messages. Mr. St. Pierre stated that Harrah's has discontinued that practice as a result of the anticipated concern that the Board would have about an intentional shifting of revenues from a higher-tax State to a lower-tax State.

HOLLYWOOD CASINO - REQUEST TO WAIVE TWO-MEETING RULE AND REQUEST TO CHANGE HOURS OF OPERATION – Rodney Phillippe was present on behalf of Hollywood Casino Aurora (HCA) to request initial consideration for its request to waive the two-meeting rule and to change hours of operation. Mr. Phillippe stated that HCA would like to revise its hours of operation from its current hours to 10:00 A.M. to 4:00 A.M., losing the last 2 ½ hours of the day and the first portion of the day. Mr. Phillippe stated that HCA's request is due to the increase in State taxes. Mr. Phillippe stated that HCA feels that its request is reasonable based on the amount of business that HCA has during those marginal times. Mr. Phillippe stated that he feels that the patrons would adjust their habits accordingly to fit within the revised hours.

Chairman Higginbottom asked if HCA has taken into consideration the effect that the shortening of hours would have on the employees – i.e., lay-offs.

Mr. Phillippe stated that tax increases usually result in operators shifting to less table games and more slot machines because it is more expensive, and it takes more people to operate table games. Mr. Phillippe stated that because there will probably be less table games, there is going to be fewer employees, and that is where the impact, as far as lay-offs, will be felt. Mr. Phillippe stated that in addition to the tax increase, HCA has also be forced to look at how they run their restaurant, lounge, and other supporting services. Mr. Phillippe stated that based on those operational cost considerations, there would be some job loss there as well.

Chairman Higginbottom asked if there would be an opportunity for job gain. Chairman Higginbottom stated that since there could be more patrons and fewer operating hours, there could be more customer traffic. Chairman Higginbottom asked if more traffic would require more waitress and more support services staff.

Mr. Phillippe stated that there could be an opportunity for job gain in some areas. Mr. Phillippe stated that HCA would now start having the cashiers accept admission fees. Mr. Phillippe stated that some current casino service representatives, whose jobs will no longer be needed, will now be used in other areas.

Based on staff's recommendation, Member Peterlin moved that **the Board not waive the requirement of Board Rule 105(e) and not permit Alton Gaming Company d/b/a Alton Belle Casino, Empress Casino – Joliet, Des Plaines Development Limited Partnership d/b/a Harrah's Casino, Joliet, and Hollywood Casino – Aurora to present today for**

final Board action its request to change hours of operation. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

GRAND VICTORIA CASINO – COTINA R. JOHNSON, SENIOR INTERNAL AUDITOR – LEVEL ONE – Randy Roberts, General Manager, was present on behalf of Cotina R. Johnson to request approval as a Level One licensee.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Cotina R. Johnson as a Level 1 Occupational Licensee of Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

ARGOSY GAMING – RICHARD JOHN GLASIER, PRESIDENT – KEY PERSON – Susan Gouinlock, was present on behalf of Richard J. Glasier to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Richard John Glasier as a Key Person of Argosy Gaming Company, Inc.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

CASINO DATA SYSTEMS, INC. – LICENSE RENEWAL – Donna More was present on behalf of Casino Data Systems, Inc. to request approval for license renewal.

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board approve the Supplier's license of Casino Data Systems, Inc. for a term of 4 years expiring July 2007.**

Further, based on the staff's investigation and recommendation, Member Peterlin moved that **the Board certify and approve the following positions and entities as Key Persons of the licensee:**

1. Chief Executive Officer;
2. Chief Operating Officer;
3. Aristocrat Leisure Limited;
4. Aristocrat International Proprietary Limited; and
5. Aristocrat Technologies, Inc.

Further, Member Peterlin moved that **the Board approve Casino Data Systems, Inc. to manufacture, sell or lease EGD's to licensed riverboat casino's in the State of Illinois, pursuant to the requirements set out in the Board's Adopted Rules.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

SIERRA DESIGN GROUP – REQUEST FOR LICENSE – Donna More was present on behalf of Sierra Design Group to request for license.

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board approve the application of Sierra Design Group for a Supplier's license for a period of one year expiring July 2004.**

Further, Member Peterlin moved that **the Board approve Sierra Design Group to manufacture, sell or lease EGD's except the merchandise redemption EGDs, to licensed riverboat casino's in the State of Illinois, pursuant to the requirements set out in the Board's Adopted Rules.**

Further, based on the staff's investigation and recommendation, Member Peterlin moved that **the Board certify and approve the following positions and persons as Key Persons of the licensee:**

- 1. Chief Executive Officer;**
- 2. President;**
- 3. Chief Operating Officer;**
- 4. Robert A. Luciano; and**
- 5. Bobby R. Drew.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Peterlin moved that **the Board approve 30 applications for an Occupational License Level 2 and 97 applications for an Occupational License Level 3.**

Further, Member Peterlin moved that **the Board direct the Administrator to issue Notices of Denial to the following four applicants for Level 2 & 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

- 1. Christopher Brooks;**
- 2. Demond Nettles;**
- 3. Courtney Pinnick; and**
- 4. Maria Reyes.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

In Re The Disciplinary Action of Katsuki Manabe and Sigma Game, Inc.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against:**

- (1) **Katsuki Manabe, a Key Person of Sigma Game, for violating the Act and Board rules by failing to disclose certain loans and a Stock Pledge Agreement.**
- (2) **Sigma Game, Inc., an Supplier Licensee, for violating the Act and Board Rules by failing to promptly disclose certain loans.**

Further, Member Peterlin moved that **the Board fine Katsuki Manabe \$70,000 and fine Sigma Game, Inc. \$5,000. The aforementioned action will take affect twenty-one (21) days from the date of service of the complaint unless the licensees file answers within that time period.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

In Re The Disciplinary Action of Corey Lampkin

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a Disciplinary Complaint against Corey Lampkin, a Level 2 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to his theft of tokens from an EGD from his employer, Casino Rock Island.**

Further, Member Peterlin moved that **the Board revoke Mr. Lampkin's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

In Re The Disciplinary Action of Felicia Cross

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a Disciplinary Complaint against Felicia Cross, a Level 3 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to her theft of tokens from an EGD from her employer, Casino Rock Island.**

Further, Member Peterlin moved that **the Board revoke Ms. Cross' Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

In Re the Disciplinary Action of Larry Warren

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a Disciplinary Complaint against Larry Warren, a Level 3 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to his October 21, 1998 conviction for a crime of dishonesty.**

Further, Member Peterlin moved that **the Board revoke Mr. Warren's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, Member Peterlin moved that **the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Dugan seconded the motion. At 4:15 P.M. the Board re-convened to Closed session.

Respectfully submitted,
Monica Thomas

Secretary to the Board